

**VIRGINIA COLLEGE BUILDING AUTHORITY  
BOARD OF COMMISSIONERS MEETING**

**January 11, 2007 10:30 a.m.**

Treasury Board Conference Room  
James Monroe Building  
101 North 14<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Richmond, Virginia

Members Present: William L. Nusbaum, Chairman  
Richard D. Brown  
John F. "Jack" Carter  
J. Braxton Powell  
Joseph S. Testa  
Molly Joseph Ward

Members Absent: Vinod B. Agarwal  
Heidi W. Abbott  
Daniel J. LaVista  
David A. Von Moll  
Elaine R. Wilde

Others Present:	Donald R. Ferguson	Attorney General's Office
	Doretha Spells	Hampton University
	Denise Nichols	Hampton University
	Charles P. Shimer	Troutman Sanders LLP
	Christopher G. Kulp	Hunton & Williams LLP
	Evelyn R. Whitley	Secretary, VCBA, Department of the Treasury
	Janet A. Aylor	Assistant Secretary, VCBA, Department of the Treasury
	Jeanine Black	Department of the Treasury
	Treasury Staff and others attended	

**Call to Order and Approval of Minutes**

Mr. Nusbaum called the meeting to order at 10:35 a.m. He asked if there were any comments on or corrections to the minutes of the October 13, 2006 Virginia College Building Authority Board Meeting. Hearing none, he requested a motion for approval of the minutes. Mr. Brown made the motion; Mr. Powell seconded, and all members present unanimously adopted the motion.

### **Consideration of a Resolution Authorizing an IRS Ruling Request on Behalf of Hampton University**

Mr. Shimer from Troutman Sanders LLP, bond counsel to the Authority, briefly explained why the Virginia College Building Authority has been asked to file an IRS ruling request on behalf of Hampton University. Mr. Shimer then asked Mr. Kulp from Hunton & Williams LLP, Ms. Spells, Vice President for Business from Hampton University and Ms. Nichols, Associate Comptroller from Hampton University to give the Board an overview of the IRS ruling request. Staff distributed a revised Resolution, which Mr. Shimer then reviewed for the Board. A discussion ensued. Mr. Nusbaum requested slight modifications to paragraph 5 of the Resolution. Mr. Shimer agreed to make the requested changes to paragraph 5 and staff will distribute the finalized Resolution to all members.

Mr. Carter moved the approval of the thus modified Resolution Authorizing an IRS Ruling Request on Behalf of Hampton University (contained in Attachment A); Mr. Brown seconded, and the motion was unanimously adopted by all members present, subject to the finalization of paragraph 5.

### **Consideration of Issuance of Virginia College Building Authority Educational Facilities Revenue Refunding Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2007A**

Ms. Aylor reviewed the Preliminary Financing Summary for the proposed issuance of up to \$75,000,000 in Virginia College Building Authority Educational Facilities Revenue Refunding Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2007A. Mr. Shimer from Troutman Sanders LLP, bond counsel to the Authority, reviewed the Resolution before the Board. A discussion ensued. Mr. Nusbaum requested “since” be added after the 3<sup>rd</sup> Whereas of the Resolution.

Mr. Powell moved the approval of the Resolution (contained in Attachment B) of the Virginia College Building Authority authorizing the issuance and sale of its Educational Facilities Revenue Refunding Bonds (21<sup>st</sup> Century College and Equipment Programs), Series 2007A; Ms. Ward seconded, and the motion was unanimously adopted by all members present.

### **Other Business**

Ms. Black reviewed the Final Financing Summaries for the Virginia College Building Authority Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2006A, the Virginia College Building Authority Variable Rate Educational Facilities Revenue Bonds (University of Richmond Project) Series 2006 and the Virginia College Building Authority Variable Rate Demand/Fixed Rate Educational Facilities Revenue Bonds (Shenandoah University Project) Series 2006.

Mr. Aylor stated that the six month period for staff to report the performance of the \$120,000,000 Variable Rate Educational Facilities Revenue Bonds (21<sup>st</sup> Century College and Equipment Programs), is March 2007. She indicated that staff will have the report available at the next Board meeting, which will be in April 2007.

### **Adjournment**

Having no other business to be brought before the Board, the meeting was adjourned at 11:16 a.m.

Respectfully submitted,  
Janet A. Aylor  
Assistant Secretary

/s/ Janet A. Aylor

Exhibits may be obtained by contacting the Department of the Treasury at (804) 225-2142.

**RESOLUTION AUTHORIZING IRS RULING REQUEST  
ON BEHALF OF HAMPTON UNIVERSITY**

**WHEREAS**, the Virginia College Building Authority (the “Authority”), at the request and on behalf of Hampton University (the “University”), issued its \$24,500,000 Educational Facilities Revenue and Refunding Bonds (Hampton University Project), Series 2005 (the “2005 Bonds”) and loaned the proceeds thereof to the University;

**WHEREAS**, upon issuance of the 2005 Bonds the University intended to use a portion of the proceeds of the 2005 Bonds to finance a Biomedical Research Center, and the public notice required by Section 147(f) of the Internal Revenue Code identified such project;

**WHEREAS**, after issuance of the 2005 Bonds the University determined it was in its best interests to reorder its priorities in undertaking capital improvements, delaying construction of the Biomedical Research Center for several years while addressing an immediate need to construct a new cafeteria;

**WHEREAS**, the University desires to use proceeds of the 2005 Bonds to finance a new cafeteria instead of the Biomedical Research Center, and bond counsel in connection with issuance of the 2005 Bonds, Hunton & Williams LLP (“H&W”), has advised that prior to taking such action a private letter ruling should be obtained from the Internal Revenue Service (the “IRS”) concluding that use of proceeds of the 2005 Bonds for the cafeteria would be an “insubstantial deviation” from the project description contained in the Section 147(f) public notice (the “Ruling”), which would allow H&W to conclude that such alternate use of proceeds will not adversely affect the exclusion of interest on the 2005 Bonds from gross income for federal income tax purposes;

**WHEREAS**, H&W has advised that in accordance with applicable IRS regulations the Ruling must be requested by the Authority as the issuer of the 2005 Bonds, and the University has requested the Authority to submit a request for the Ruling (the “Request”) and to appoint H&W as the Authority’s representative for the purpose of seeking the Ruling; and

**WHEREAS**, the Authority is willing to submit the Request, a draft of which prepared by H&W has been presented to this meeting, and to appoint H&W as its representative for such purpose, so long as the University pays all costs associated with the Request and seeking the Ruling.

**NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA COLLEGE BUILDING AUTHORITY THAT:**

1. At the request of the University, the Authority will submit the Request for the Ruling to the IRS, and hereby appoints H&W as its representative solely for the purpose of seeking the Ruling.
2. The Request, as submitted, shall be in substantially the form presented to this meeting, with such changes as shall be prepared by H&W, approved by the University and acceptable to the Authority’s Chairman, and/or such other Authority officer as may be requested by H&W to execute the

Request, which execution, as well as the execution on behalf of the Authority of any other related documents as may be reasonably requested by H&W, is hereby authorized.

3. All costs connected with the Request and seeking the Ruling, including without limitation any related IRS fees or costs and all related fees and expenses of H&W and of the Authority's outside counsel, currently Troutman Sanders LLP, shall be the responsibility of and shall be paid as and when due by the University.

4. H&W shall keep the Authority's Chairman, Treasurer, Assistant Secretary and outside counsel regularly apprised of the status of the Request and shall report on such status as and when reasonably requested by any such Authority officer or representative.

5. After receipt of the Ruling, upon receipt by the Authority and by the trustee with respect to the 2005 Bonds of H&W's written opinion concluding that execution of any amendments or supplements to documents executed in connection with issuance of the 2005 Bonds or other documents and use of proceeds of the 2005 Bonds for a new cafeteria will not adversely affect the exclusion of interest on the 2005 Bonds from gross income for federal income tax purposes, appropriate officers of the Authority as requested by H&W are authorized to execute such amendments, supplements or other documents, which documentation shall be prepared by H&W and approved by such officers requested to execute the same and by the Authority's outside counsel, as H&W shall determine are appropriate to provide for use of proceeds of the 2005 Bonds to finance the new cafeteria.

6. This resolution shall take effect immediately upon adoption.

The undersigned Assistant Secretary of the Virginia College Building Authority certifies that the foregoing is a true and correct copy of a Resolution adopted by the Board of the Authority, upon the vote as noted below, at a duly called meeting of the Board held on January 11, 2007:

<u>Commissioner</u>	<u>Present/Absent</u>	<u>Vote</u>
J. Braxton Powell	Present	Aye
David A. Von Moll	Absent	
Richard D. Brown	Present	Aye
Daniel J. LaVista	Absent	
William L. Nusbaum	Present	Aye
Heidi W. Abbott	Absent	
Vinod B. Agarwal	Absent	
John F. Carter II	Present	Aye
Joseph S. Testa	Present	Aye
Molly J. Ward	Present	Aye
Elaine R. Wilde	Absent	

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Assistant Secretary, Virginia College Building Authority

[SEAL]

Date: January \_\_, 2007

**VIRGINIA COLLEGE BUILDING AUTHORITY  
RESOLUTION AUTHORIZING THE ISSUANCE AND SALE  
OF EDUCATIONAL FACILITIES REVENUE REFUNDING  
BONDS (21ST CENTURY COLLEGE AND EQUIPMENT  
PROGRAMS) SERIES 2007A**

**WHEREAS**, the Virginia College Building Authority (the “Authority”) is a body corporate and politic, constituting a public corporation and governmental instrumentality of the Commonwealth of Virginia (the “Commonwealth”) created by the Virginia College Building Authority Act of 1966, Chapter 3.2, Title 23, Code of Virginia of 1950, as amended (the “Act”), for the purpose of, among others, financing the construction of capital improvements at, and the acquisition of equipment for, public higher educational institutions in the Commonwealth;

**WHEREAS**, during the 1996 Session of the General Assembly of Virginia (the “General Assembly”), the General Assembly created the 21st Century College Program, and during the 1998 Special Session of the General Assembly, the General Assembly created the Equipment Program (collectively, the “Programs”), pursuant to the Programs and the Act, the Authority is authorized, among other things, to borrow money and issue its revenue bonds to finance or refinance the cost of certain capital improvements (the “21st Century College Projects”), or scientific, technical and other equipment for teaching, research and related activities (the “Equipment Projects”), at public higher educational institutions in amounts not in excess of amounts authorized from time to time by the General Assembly, and pursuant to the Act the Authority is authorized to issue its revenue refunding bonds for the purpose of refunding any such revenue bonds;

**WHEREAS**, since the source of payment of bonds issued under the Programs is the same, appropriations made at the discretion of the General Assembly to the Treasury Board of the Commonwealth (the “Treasury Board”), the Authority combined the financing for the Equipment Projects with the financing for the 21st Century College Projects under the Master Indenture of Trust dated as of December 1, 1996 (as previously amended and supplemented, the “Master Indenture”), between the Authority and The Bank of New York, as successor trustee (the “Trustee”), pursuant to which the Authority;

**WHEREAS**, the Amended and Restated Payment Agreement dated as of June 1, 1999 (the “Payment Agreement”), between the Authority and the Treasury Board provides for certain payments appropriated by the General Assembly under the Programs to be paid to the Authority to provide for debt service on bonds issued under the Master Indenture;

**WHEREAS**, upon recommendation by Public Resources Advisory Group, in its capacity as financial advisor to the Authority (the “Financial Advisor”), the Authority has determined to effect present value debt service savings by taking advantage of current market conditions and issuing its Educational Facilities Revenue Refunding Bonds (21st Century College and Equipment Programs) Series 2007A (the “Bonds”), to provide funds to advance refund certain maturities of bonds previously issued by it to finance costs of the Programs (the “Refunded Bonds”) and to pay costs related to such issuance and refunding;

**WHEREAS**, the Authority adopted a resolution on April 20, 2004 authorizing its officers and staff from time to time to commence the process for the issuance of refunding bonds by the Authority, pursuant to which, such officers and staff have taken preliminary action in connection with the issuance of the Bonds, including, without limitation, preparing and distributing transaction documents and a solicitation for a verification agent;

**WHEREAS**, in furtherance of the purposes of the Act, the Authority has determined to issue the Bonds under the Master Indenture, as further supplemented by the Fourteenth Supplemental Indenture of Trust dated as of February 1, 2007 (the "Fourteenth Supplemental Indenture"), between the Authority and the Trustee;

**WHEREAS**, there are certain existing Facilities Agreements between the Authority and each of the Institutions (collectively, the "Facilities Agreements"), relating to the projects financed with the Refunded Bonds, which contemplate the issuance of the Authority's refunding bonds;

**WHEREAS**, the Bonds will be offered for sale pursuant to a Preliminary Official Statement, to be dated the date of its release (the "Preliminary Official Statement") and will be awarded by the Authority through a competitive bidding process using a Notice of Sale to be dated the date of the Preliminary Official Statement (the "Notice of Sale"), which states the structure and terms of the sale of the Bonds;

**WHEREAS**, the Authority will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") for the purpose of providing certain information for the benefit of holders of the Bonds; and

**WHEREAS**, the drafts of the Fourteenth Supplemental Indenture including a draft of the Bonds as Exhibit A thereto, the Preliminary Official Statement, the Notice of Sale and the Continuing Disclosure Agreement have been presented to this meeting and filed with the Authority's records.

**NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA COLLEGE BUILDING AUTHORITY THAT:**

**1. Preliminary Official Statement; Notice of Sale.** The Preliminary Official Statement, in substantially the form presented at this meeting with such completions, omissions, additions and changes as shall be approved by the State Treasurer (the Treasurer of the Authority) or his staff in connection with the offering and sale of the Bonds, is approved and the distribution thereof is authorized. The Authority authorizes the State Treasurer or such officer of the Authority as he may designate to deem the Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), and distribution of the Preliminary Official Statement shall constitute conclusive evidence that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted by such Rule. The Notice of Sale in substantially the form presented at this meeting, with such completions, omissions, additions and changes as shall be approved by the State Treasurer or his staff in connection with the offering and sale of the Bonds, is approved and the distribution and advertisement thereof is authorized.

**2. Competitive Bidding; Credit Ratings.** The Authority authorizes and directs its staff, the Financial Advisor, and its bond counsel, Troutman Sanders LLP: (a) to prepare all



documentation and take all action necessary or desirable to bring the Bonds to market through a competitive electronic bidding process as soon as practicable, (b) to advertise the Bonds for sale and (c) to take such actions as shall be necessary or appropriate to obtain a rating or ratings for the Bonds from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Fitch Ratings and/or Moody's Investors Service, Inc.

**3. Issuance and Sale of Bonds.** Pursuant to the Act, the Authority determines that it is in the best interest of the Commonwealth to issue and sell the Bonds to advance refund the Refunded Bonds in order to effect a present value debt service savings by taking advantage of current market conditions and to pay costs related to such issuance and refunding, including interest and premium to the applicable redemption date of the Refunded Bonds. The Authority authorizes the issuance of the Bonds in accordance with the Fourteenth Supplemental Indenture and the sale thereof in accordance with the Notice of Sale, *provided, however*, that (a) the aggregate principal amount of the Bonds shall not exceed \$75,000,000; (b) the final maturity of the Bonds does not exceed February 1, 2022; (c) the aggregate true interest cost of the Bonds, determined in accordance with the terms of the Notice of Sale, shall not exceed 5.00% taking into account original issue discount or premium, if any; and (d) the issuance of the Bonds shall result in present value savings equal to at least 3.00% of the aggregate principal amount of the Refunded Bonds.

**4. Bond Documents.** The Authority ratifies and confirms the Master Indenture, the Payment Agreement and the Facilities Agreements. The form of the Fourteenth Supplemental Indenture, including the form of the Bonds, is approved, with such changes, insertions, additions and deletions as the State Treasurer or such officer of the Authority as he may designate shall approve. The approval of any such changes, insertions, additions and deletions shall be evidenced conclusively by the execution and delivery of the Bonds by the Authority. The Authority authorizes and directs its officers to execute and deliver the Fourteenth Supplemental Indenture and the Bonds.

**5. Delegation to State Treasurer and Others; Award of Bonds.** The Authority hereby delegates to the State Treasurer or such officer of the Authority as he may designate the power with respect to the Bonds, subject to the limitations set forth in Paragraph 3: (a) to determine which outstanding bonds previously issued under the Master Indenture are to be Refunded Bonds and the related redemption dates; (b) to approve the details of the Bonds, including, without limitation, the principal amount, the maturity schedule, the interest rates and the redemption provisions; (c) to approve the form of all documents that are appropriate to carry out the contemplated financing; (d) to deem the Preliminary Official Statement final as of its date as contemplated in Paragraph 1 and to complete the Preliminary Official Statement in final form as contemplated in Paragraph 6; (e) to change or cancel the sale of the Bonds, if in such person's sole discretion conditions so warrant; (f) to award the Bonds to the responsive bidder whose bid offers to purchase the Bonds at the lowest true interest cost to the Authority as determined by the Financial Advisor (the "Winning Bidder" and the "Winning Bid"), all in accordance with the terms of the Notice of Sale, including the receipt of bids electronically; and (g) to take all such further action as may be necessary or desirable for the issuance, sale and delivery of the Bonds and refunding of the Refunded Bonds.

**6. Official Statement.** The Authority authorizes and directs the State Treasurer and his staff, in collaboration with the Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement"). The Chairman or Vice Chairman of the Authority, either of whom may act, is authorized and directed to execute the Official Statement, which execution shall constitute conclusive evidence of his approval of the Official Statement and that the Authority has deemed it final within the meaning of the Rule. The Authority authorizes and directs its

staff to arrange for the delivery to the Winning Bidder of a reasonable number of copies of the Official Statement, within seven business days after the sale date of the Bonds, for distribution by the Winning Bidder to each potential investor requesting a copy thereof and to each person to whom the Winning Bidder initially sells Bonds. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidder.

**7. Continuing Disclosure.** The Authority covenants to undertake ongoing disclosure and to provide “annual financial information” and “material event notices” in accordance with the Continuing Disclosure Agreement, for the benefit of holders of the Bonds to assist the Winning Bidder in complying with the Rule. The Authority authorizes and directs the Chairman, the State Treasurer or such other officer of the Authority as the State Treasurer may designate to execute the Continuing Disclosure Agreement in substantially the form presented at this meeting, which is approved with such completions, omissions, insertions and changes as the Chairman, the State Treasurer or such designee may approve. The execution by the Chairman, the State Treasurer or such designee of the Continuing Disclosure Agreement shall constitute conclusive evidence of approval of any such completions, omissions, insertions and changes.

**8. Redemption of Refunded Bonds; Escrow Deposit Provisions.** The Authority authorizes and directs (a) the redemption and payment of the Refunded Bonds on the applicable redemption dates, all as determined in accordance with paragraph 5, and (b) the giving of notice of such redemptions in accordance with the provisions of the Master Indenture and any applicable supplemental indenture of trust entered into in connection with the Refunded Bonds. The Authority also authorizes the preparation, execution and delivery by the officers of the Authority of any escrow deposit provisions, either as part of the Fourteenth Supplemental Indenture or in such separate agreement, as shall be appropriate to effect the refunding and redemption as determined in accordance with paragraph 5 and as shall be approved by the State Treasurer, with the execution and delivery thereof to constitute conclusive evidence of such approval.

**9. Other Documents and Actions.** The Authority authorizes and directs its officers and staff to execute and deliver all certificates, instruments and documents and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds, including (a) execution and delivery of a certificate setting forth the expected use and investment of proceeds of the borrowing to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder, (b) making any elections that such officers deem desirable regarding any provisions requiring rebate to the United States of arbitrage profits earned on investments of proceeds of the borrowing, and (c) providing for payment of any such rebate amount. The Authority approves and confirms all other actions of its officers and staff which are in conformity with the purpose or intent of this Resolution and in furtherance of (a) the issuance and sale of the Bonds and the use of the proceeds thereof, and (b) the implementation of the Programs.

**10. Effective Date.** This Resolution shall take effect immediately upon its adoption.

Adopted: January 11, 2007.

The undersigned Assistant Secretary of the Virginia College Building Authority certifies that the foregoing is a true and correct copy of a Resolution adopted by the Board of the Authority, upon the vote as noted below, at a duly called meeting of the Board held on January 11, 2007:

<u>Commissioner</u>	<u>Present/Absent</u>	<u>Vote</u>
J. Braxton Powell	Present	Aye
David A. Von Moll	Absent	
Richard D. Brown	Present	Aye
Daniel J. LaVista	Absent	
William L. Nusbaum	Present	Aye
Heidi W. Abbott	Absent	
Vinod B. Agarwal	Absent	
John F. Carter II	Present	Aye
Joseph S. Testa	Present	Aye
Molly J. Ward	Present	Aye
Elaine R. Wilde	Absent	

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Assistant Secretary, Virginia College Building Authority

[SEAL]

Date: January \_\_, 2007

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